

**Low-Income Weatherization Assistance Program
Public Hearing**

1700 W. Washington, Ste. 250, Phoenix, AZ 85007
Tuesday, June 4, 2013, 2:00-4:00pm

MINUTES

Attendees:

Michelle Bermudes, OEP
Evelyn Billings, OEP
Daniel Boyle, A New Leaf, Inc.
Linda Brumm, OEP
Jesus Duran, Pima County
Gabe Eylicio, Gila County
Mike Frary, OEP
DaNelle Haynes, Private Citizen
Jerry Mendoza, APS
Vinny Pedalino, Foundation for Senior Living
Yvonne Seel, Maricopa County
Carrie Smith, Foundation for Senior Living
Ursula Strephans, Maricopa County
Brian Tackett, Gila County
Bonnie Temme, SRP
Vivian Ybañez, City of Phoenix

The meeting was called to order at 2:09PM.

Mike Frary: I work for the Governor's Office of Energy Policy and I'm the manager of the Building Science and Efficiency Program which oversees the Weatherization Program. This hearing is for US Department of Energy (DOE) funds, and only DOE funds. As of right now I would like to note that DOE has not released the Funding Opportunity Announcement (FOA) which tells us what the funding amount will be for the upcoming year. Currently the dollar amounts released in the State Plan are estimates only, as per DOE guidance for the States. The way the funds are allocated out was a process designed many years ago but it has been revamped within the last 5 years. It begins with Arizona getting an allocation from DOE. Then there is an amount for T&TA of 18-20%. Then another 5% is taken out for in-house administration costs. Those are deducted off the total allocation amount. Then it is broken out to the subgrantees by a formula. The remaining dollars are broken in half; 50% to a base amount and 50% to a formula amount. The base amount is based on the county size and major cities within that county and the county's quantity of low-income homes. The funding formula portion is based on climate zones, based on location. The plan is very similar to what is online with a few minor changes. We have corrected CAHRA's address since it has been put into PAGE, as well as Carrie Smith's and Melissa Buzan's title. Some fonts cannot be changed in PAGE and therefore it may look different online. Now we will take public comments.

Carrie Smith: Have you received Jerry Mendoza's email regarding the advisory meeting and some things that were discussed at the Policy Advisory Committee (PAC) meeting a week ago?

Mike Frary: Yes I did receive it.

Carrie Smith: Were any of those changes incorporated?

Mike Frary: Some of those changes were incorporated from the email. I brought the notes back from the PAC meeting. We worked together internally to determine what changes could be made; taking into consideration the new DOE guidance that has come out.

Carrie Smith: One of the biggest things that stood out to me was the elimination of ACAA as an outreach provider for the Weatherization Program. For years they have done a lot of outreach and advocacy to the clients that we serve. I know that at the PAC meeting we had a discussion about putting them back in and that there were concerns about contractual obligations and funding or lack of funding for them. I think that ACAA is not looking for any dollars but just some recognition for the advocacy and outreach that they do for the program. I think that would be beneficial for you in the future to have them in there in case you needed them for something.

Mike Frary: Per state procurement policy, even though they are in the State Plan we would still have to go out for bid based on State policy. Just having them in the agreement does not guarantee them a contract in the future. We will still need to go out for bid in the future.

Carrie Smith: Can we still include them to recognize them as an outreach arm?

Mike Frary: We leave the outreach to the subgrantees. We don't do any in-house. This section just makes that statement. In the past the subgrantees have been asked if they needed help with outreach and each group has stated that they would prefer to do it on their own. So we still have it in the plan that the outreach is done at the subgrantee level noting that this helps to ensure that the subgrantees are not overrun with applications if the outreach is being done at a higher level.

Jerry Mendoza: I think they are really performing a coordination of the agencies. We are looking for something that would recognize them as a coordinating body for the agencies.

Mike Frary: We will take that into consideration.

Ursula Strehphans: They also serve as a mediator for us as a group as issues come up between the State and the subgrantees. I think that at some place acknowledgment of the hard work that this organization contributes to the Weatherization Program as well as to our clients should be recognized. I think this is the most appropriate place to do so.

Mike Frary: If everyone would like, the whole outreach section can be completely removed, since per the application there is no requirement for an outreach portion of the plan to be included?

Carrie Smith: I think that leaving this section in is very important. Please just take everyone's comments into consideration about including language that states that ACAA is a partner to this section when finalizing the plan.

Ursula Strehphans: On page 3 of 28 there is a bullet point under Leased Dwelling Units, bullet 4 (was read aloud), after reading 33-1324 I do agree that landlords are required to provide heating and cooling units, but not required to provide energy efficient heating and cooling units. This often is a big burden on our clients and the populations that we serve. I think this should be removed from the plan. I believe that the landlord-tenant act does give us some room for interpretation to replace what the landlord is providing. The benefit is actually trickling down to the client via their energy bills.

Mike Frary: I disagree with part of what you are saying. The first part of the statement is exact language taken from the application from DOE, and the second part was added back because it

has been in the State contracts for years. I do agree with you that it is a 'grey' area. However, I cannot remove it until I get guidance from our legal department. Until I get information back on if they agree, I cannot remove it. I understand the 'grey' area and agree with that and we are looking into it.

Carrie Smith: Would you make an amendment after you received guidance?

Mike Frary: Yes.

Vinny Pedalino: On page 6 of 28 it references the *Energy Out West Field Manual Guide* or *Success With Weatherization* for best practices. I just want to clarify that as far as testing procedures that we are to use those as reference guides for our testing procedures.

Mike Frary: The second half does say there are grounds for those practices to be changed as new ones are created, or as the old ones are enhanced. It's always been my understanding that *Energy Out West* has always been the guidance for the State, but I needed to see where it was put in the State Plan. When DOE comes out they hold us accountable to *Energy Out West*. So I wanted everyone to understand that this is what we are held accountable to. The class of *The Success With Weatherization* we haven't done that yet, but that is something I hope to have done next year. It will help benefit this program. And that is why the second part of that paragraph is in there because I know that *Energy Out West* is getting kind of dated and there are new practices that are better and that is why the technical guidance is allowed to supersede that. As long as we can have the technical guidance in place with that it will be good.

Vinny Pedalino: I know you said single family is currently the released and manufactured homes and multifamily are coming.

Mike Frary: We prefer those standards because when we go out we can use it as a reference and say we are using this. This helps get rid of any 'grey' areas that we encounter. As you know with each auditor sometimes comes a slightly different interpretation and this helps eliminate that. Now there is a standard.

Carrie Smith: It makes it easier for us from a scope writing perspective and procurement process too. I have another question back on page 5. We had spoken about including the Cooling Degree Days (CDD) because the majority of our state has a cooling load. I think that it's really important for us to show the breadth of what we do as a network. There is so much focus on the heating degree climates that sometimes we forget to show the burden that cooling puts on energy consumption.

Mike Frary: Heating Degree Days (HDD) has been removed from the plan. I am working to find a good number to use for the CDD. I am reviewing some historical data that we have in-house and I am trying to get a good value to include. I cannot just pick for Phoenix, because Lake Havasu may be higher and Tucson may be lower. So I need to work through all the data and do some averaging across the state.

Carrie Smith: I think it is good to reference both the HDD and the CDD because they do have that load in the north. Since this is a public document, I think it's good for the public to see what we are up against as agencies to provide these services statewide.

Mike Frary: I will continue to work on those calculations because I want to make sure we have the most accurate value. The value for the HDD was from last year's plan and I don't know how old that data was so that was why I removed it, until I can get more current data for them.

Vinny Pedalino: The website that is referred to for the Weatherization Materials, is there a shorter website?

Mike Frary: If you go to the CFR 440 document and look at the bottom of that, that's what it is referring to.

Vinny Pedalino: In the next section down, Multi-family, referring to 25 units. We are still using if it has less than 5 units, such as 4-plexes and duplexes?

Mike Frary: Yes, duplexes and 4-plexes will follow residential. Five and above will have to submit a request for waiver. If you have duplexes and 4-plexes around it, only the building with five will need to go to DOE.

Vinny Pedalino: I just want a clarification on site audit, it does list audit in numerous senses in different sentences here. On page 7 we have Computer Energy Model, and I just want to clarify the difference between an energy audit and computer model. It says here that someone performing a computer audit cannot also perform the work. My understanding of what a computer audit consists of is different than a computer model. What I'm reading is that the person who does REM Design for us cannot submit on the job.

Mike Frary: The contractor is not allowed to write the scope of work. The scope of work has to come from the subgrantee level. The subgrantee has to write scope of work.

Vinny Pedalino: Here's what happens. The reality is you have physical people that do the audit. The information is sent in to run a computer model which tells you the funding sources and cost effectiveness. It is then the computer that basically prints out the scope of work.

Mike Frary: If something comes up as not cost effective through REM, or there is no funding for it, then the scope of work is changed from what the subgrantee has originally supplied to the contractor, therefore creating a new scope of work. For example, mobile home insulation may be on the scope of work when it's sent to the contractor. The contractor runs it through REM Design. REM Design shows it's not cost effective. This and other items may not get done and then it changes the scope of work based off the REM Design.

Vinny Pedalino: It is not the contractor that approves that. It is the State that approves that REM Design.

Mike Frary: Yes that is correct. We will take it into consideration. I have been thinking about it.

Vinny Pedalino: We are a small agency so I'm just trying to be as efficient as possible. There are checks-and-balances since the contractor doesn't know how the interpretation of the REM Design will come back.

Michael Frary: I will take it into consideration. We are just trying to keep the contractor from writing the scope of work because they are not supposed to be writing the scope of work.

Vinny Pedalino: Maybe take the word audit out of the computer based audit and just leave computer modeling since they are two different things? What we are doing at our place, we have a QA guy who inspects all of our stuff. In order to do this efficiently we have him there at the final inspection. I just want to be sure that's ok.

Mike Frary: If you read the interpretation of the final inspection in the State Plan and in DOE's application, there is technically a fourth test done to the house. One-hundred percent is inspected a fourth time, but only 10% are required to have the blower door test done. The other 90% would need to just have the measures that were done inspected including combustion safety. If BPI goes the path of needing a quality inspector then that will be the way it has to be done; it will need to be an outside party coming in to inspect the house. I do understand your

concern. The State Plan does give a way for the agency to receive a waiver which needs to be turned in on a yearly basis and request why you want to do that. This option opens you up to more auditing. Based on estimates of DOE funding this could mean 100% field inspection on certain agencies since some agencies may only be doing one or two homes. If you have it in your waiver, that limited funding prevents you from being able to do it, then you can do it until we see clarification. Remember this is only DOE funds.

Vinny Pedalino: I would be happy to invite the state to 100% of our homes. Also it is in there that BPI may be telling us what you should be doing, if there is no funding...

Mike Frary: Yes, if you will notice that the way it is written is per funding allowed we are going to do that training. I can't mandate something they're not going to fund.

Vinny Pedalino: Health and Safety, they still want us to justify things as cost effective first?

Mike Frary: You have to try first to see if it's cost effective for DOE funds, and then you can do it for Health and Safety funds.

Ursula Strephans: On page 8 of 28, under Results Summary, the first paragraph, I believe there is much of it that should be deleted. Then it should read: The combined SIR of all jobs reviewed to date for funds (LIHEAP, DOE, utilities) with diagnostic, energy measures and Health and Safety measures with well over one, Health and Safety represented 17% of expenditures. This should be the end and there should be no reference to other sources of funding that is currently included in this paragraph. I think it confuses it by leaving those CDBG and URD funds in. I think it would be more clear and straight forward if you leave those references out.

Mike Frary: May I ask, if I delete those two, why not delete the utility or LIHEAP funds also, and just leave it as DOE?

Ursula Strephans: You could.

Mike Frary: If we did, I don't know what the SIR would come back as at that point.

Ursula Strephans: I don't think that the CDBG, URRD or SERC funds affect that. Typically we use CDBG funds to assess issues in the homes prior to being able to use Weatherization money anyway, so it shouldn't be included in there at all.

Mike Frary: The reasons we keep it in there is that 1) this report goes out to all the utility companies so it's already out there, 2) when you have the national survey that is coming up they get all the funding put up into their database. So the national evaluation that's going on right now, they have access to our database and they will see that. If I remove some of it then they will ask why we are getting different values.

Ursula Strephans: I think that paragraph needs to be completely restructured then.

Yvonne Seel: You are talking about SIR in the paragraph and there are funds listed that are not SIR.

Carrie Smith: Maybe it could just be referenced that other funds were used to address Health and Safety for things that would otherwise be deferred in order to get the Weatherization to be done.

Mike Frary: Can someone send me a typed version in email by tomorrow and I will take that into consideration. I will be out of town for next 7-9 days, so I will need to receive it by tomorrow to look at it before I'm gone, and take it into consideration.

Vinny Pedalino: Just would like to point out that we are still able to do gas water heaters but not gas stoves.

Mike Frary: That is straight out of DOE.

Vinny Pedalino: Yes I know. It's just that water heaters can be outside and stoves cannot. On another note, it would be nice if we could look in the future at the difference in cost of \$1500 for cleaning coils on a unit, instead of \$6000 for replacing the unit. Replacing a unit is very expensive.

Carrie Smith: But if we can get efficiency out of cleaning the unit that might be the way to go.

Vinny Pedalino: That and the utilities might buy it down some more. Sometimes spending the \$1500 can keep a unit running for another five years. One more thing, what are incidental repairs? And what do they fall under, Health and Safety or Cost Effective?

Mike Frary: Incidental repairs, with DOE terms, if you can calculate it into the cost of the repairs, and you have an SIR of one-to-one, you can include it in the cost of ECM measures.

Vinny Pedalino: So basically it is the same rules as Health and Safety?

Mike Frary: Yes.

Vinny Pedalino: The second paragraph on page 15 of 28 where it states "contractor must complete and 8 hour Lead Safe Worker Practices Workshop". There is currently not one offered but the Lead RRP class which is listed on page 25 of 28 does cover Lead Safe Work Practices. Maybe that could include 'RRP' in front of the word 'class'?

Mike Frary: Ok. So it maybe could state RRP/Lead Safe Practices? We will look at that.

Ursula Strephans: On page 22 of 28 under Overview of Organization the historic info on the program although it is not required it is probably valuable to include it for someone who is reading the application. If you could consider our input that it is good for it to be included in that section. On page 24 of 28, the first paragraph under Training and Technical Assistance, the last sentence should end after the words "...monitoring visits." It goes on to say "...and State meetings and for once a quarter in program year 2013 funds permitting." It is unclear what State meetings include. Is this Peer-to-Peer meetings?

Mike Frary: No, during the PAC meeting Cynthia Zwick said she would not like to see any references to Peer-to-Peer meetings in the Plan. This will be strictly meetings by our office with subgrantees that perform Weatherization work with the DOE funds.

Vinny Pedalino: There is no mention of low-cost?

Mike Frary: The application actually has no provision for low-cost/no-cost, but when the Exhibit B goes out with the contracts it's still in there. Since ASHRAE was brought up, in the State Plan it is in the Health and Safety section. Because it is mandated by DOE, it has to be ASHRAE 62.2-2010 compliant. As of July 1st everybody who uses DOE funds on a house has to be compliant with this. It does state in the State Plan if 62.2-2013 is released this year, then it will be adopted on January 1, 2014. It is my understanding that it should give you a little more flexibility, but it has to be released before it can be adopted. Thank you for attending and for all of your comments. We will take them all into consideration. We will update the State Plan as soon as we get the Funding Announcement and then distribute the funds as soon as possible.

Meeting was adjourned at 2:46PM.